



38th Annual Report

STATE BOARD OF HAIL INSURANCE

To Montana Grain Growers



1954 BUSINESS SUMMARY

Total Risk Written	\$5,773,905.64
Premium Charge	\$ 503,791.52
Losses Paid	\$ 448,220.85
Policies Issued (996 paid in cash)	2,324
Loss Claims Filed	657 641
Total Acres Insured	547,034.2
Acres Reported Damaged	123,283.4
Average Acres Insured Per Policy	235
Number of Days with Hail	40
Loss Ratio	7.8%
Aver. Cost Per \$1,000 of Protection..\$	87.20
Average Cost of Insurance	8.7%
Operating Expense Ratio	5.7%

THE RESERVE FUND going into the 1955 hail season will stand at \$1,050,000, the same as in 1954. The interest earned on this was a little over \$16,000, and amounted to more than one half the operating costs of the hail department for the season. The Reserve Fund when added to the current balance in the State Treasury makes the total assets of the Hail Department add to a little over \$1,200,000, which is more than ample to assure full payment of any losses which may occur in 1955.

The 1954 losses were above the average and came in nearly every county east of the Continental Divide. It was fortunate for the State Hail Fund that the most widespread storms did not strike the areas where the largest aggregation of State Hail policies were written or struck there after most of the grain had been harvested.

All grain growers should read this report carefully for full information on State Hail Insurance and especially pages 6 and 7 on how to obtain it.

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January 7, 1955.

Honorable J. Hugo Aronson, Governor
Capitol Building
Helena, Montana
Dear Governor Aronson:

It is my pleasure to hand you now a preliminary report of the 1954 operations of the Hail Insurance Department. What figures I give you now will not be changed materially when the final report is issued in a few weeks.

1954 was considered a catastrophe year by some of the large stock company hail departments in the state. Some of them suffered losses greater than their premiums. The State Hail Fund was fortunate to end the year with a small increase in assets. Following is a brief summary of the operations.

Total risk written	\$5,764,078.00
Policies issued	2,324
Approved losses	\$ 447,788.85
Premiums	\$ 503,885.40
Loss ratio	7.7%
Number of losses filed	641

(Note—Since this preliminary report was made to the Governor some of the above amounts have been revised. See the later statement on the front page for the latest figures.)

The total insurance written was down sharply from the record year of 1953. This was mainly due to a lighter crop, especially the spring wheat. The total, however, was still about the average of recent years. The total of losses paid was exceeded only once in the last ten years. That was in 1948. The loss ratio was one percent above the all year average but has been higher in ten other years. The most severe loss ratio of all years, 12% in 1932 is against 7.7% for 1954. The greatest number of losses filed in any of the last thirty-five years was 969 in 1948.

The 641 losses filed in 1954 were unusually widespread, coming from nearly every county east of the continental divide. The hail fund was fortunate in ending the year without depletion. It happened, as it did in 1953, that the most destructive, widespread storms did not strike in the areas where our largest aggregation of policies was located, or came in some areas after a large part of the insured crops had been harvested. Following are the counties where we made the largest loss payments:

County	Loss Paid	1954 Premiums	1954-Loss Ratio	Loss Ratio All Years
Richland	\$111,795.00	\$45,471.00	25%	7%
McCone	66,183.00	95,636.00	7%	7%
Dawson	33,785.00	30,105.00	11%	11%
Judith Basin	30,395.00	5,030.00	48%	13%
Sheridan	29,851.00	25,061.00	10%	5%
Fergus	25,328.00	33,135.00	7%	7%

The reserve fund earned a little over \$16,000.00 interest during 1954 through the purchase of short term U.S. securities. These investments were made in cooperation with Mr. Bretzke in the State Land Office. Interest rates have sagged a little more so the fund will receive a little less from this source in 1955 than in 1954. It is always possible that the state fund risks might be hit in any year harder than in former years so the Board will try to keep the fund as large as possible under the \$1,200,000.00 limitation in the Hail Law.

On the whole, the various officials who assist in administering the Hail Fund have continued to do a good job. The county treasurers have been collecting well over 99% of the premiums. The assessors have made few errors in writing up the policies. The adjusters have worked hard to distribute the hail funds fairly and efficiently among those suffering loss by hail. This is evidenced by their record of settling promptly all of the 641 claims except three. These have been delayed by some unusual circumstances but we hope to have them settled before long.

More detailed information will be contained in the Annual Report to Grain Growers which will be ready in a few weeks. A copy of this will be sent to you then.

If you desire any further information on the 1954 operations, or on any phase of hail insurance, I will try to furnish it.

Yours very truly,

STATE BOARD OF HAIL INSURANCE

E. K. Bowman.

Chairman.

STATE HAIL INSURANCE IS EFFICIENT AND ECONOMICAL. During all of the 38 years the Hail Insurance Fund has been in operation less than 7% of the money paid for the insurance has been used for paying operating costs. This leaves over 90% of all of the money paid for hail insurance available for payment of hail losses. Not all of the premium money has been required for payment of losses and at this time there is a Reserve Fund of \$1,050,000.00 which may be used in any future year whenever the losses happen to be severe and exceed the premiums in any year.



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DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIO

County	1954 Risk	1954 Levy	1954 Losses	1954 Loss Ratio	36 Year Loss Ratio
Big Horn	\$ 465,210.87	\$ 44,553.23	\$ 14,735.21	3%	8%
Blaine	58,972.50	4,173.84	2,241.25	4	4
Carbon	1,992.00	145.84	154.80	8	3
Carter	29,396.00	2,963.46	72.00		10
Cascade	36,708.00	2,552.96	2,461.18	7	3
Chouteau	461,719.00	32,720.54	22,512.85	5	3
Custer	5,584.00	504.18	355.68	6	6
Daniels	214,043.00	17,058.73	549.60		4
Dawson	320,954.00	30,105.01	33,785.79	11	11
Fallon	237,611.00	24,009.45	13,749.40	6	10
Fergus	367,295.00	33,125.63	25,328.43	7	7
Garfield	58,393.00	5,307.11	6,712.23	11	8
Glacier	15,634.00	1,141.93	2,047.68	13	5
Golden Valley	58,640.00	5,884.67	5,083.30	9	10
Hill	214,782.70	13,095.57	13,184.13	6	4
Judith Basin	62,761.17	5,011.20	30,395.73	48	13
Lewis and Clark	1,156.00	46.50			5
Liberty	268,142.00	16,212.77	8,045.37	3	5
McCone	964,261.80	95,636.37	66,183.85	7	7
Meagher	600.00	60.00			11
Musselshell	26,282.00	2,652.48	2,617.38	10	13
Petroleum	10,701.00	1,001.25	293.40	3	6
Phillips	68,518.00	5,561.94	464.30	1	4
Pondera	52,955.00	3,275.40	437.58	1	6
Powder River	125,930.00	11,274.34	3,671.92	3	7
Prairie	210,039.00	21,056.08	20,227.80	10	11
Richland	455,747.60	45,463.59	111,795.46	25	7
Roosevelt	170,610.00	13,307.21	637.41		3
Rosebud	9,368.00	847.76	496.80	5	7
Sheridan	313,361.00	25,060.90	29,851.50	10	5
Stillwater	44,634.00	4,469.14	2,944.56	7	8
Sweet Grass	3,730.00	298.40			6
Teton	29,212.00	1,769.52	159.18		2
Toole	207,246.00	14,017.49	6,836.48	3	5
Treasure	25,136.00	2,682.98	904.98	4	14
Valley	40,885.00	3,272.81	6,557.72	16	5
Wheatland	27,564.00	2,785.18	4,440.70	16	9
Wibaux	64,728.00	6,302.04	954.56	2	7
Yellowstone	43,403.00	4,384.02	7,330.64	17	6
	<u>\$5,773,905.64</u>	<u>\$503,791.52</u>	<u>\$448,220.85</u>	<u>7.8%</u>	<u>8.5% 6.4</u>

36 YEAR SUMMARY

Total Risk Written	\$94,119,263.31
Premium Charge	\$ 7,971,374.22
Losses Paid	\$ 6,041,048.19
Policies Issued	62,576
Total Acres Insured	10,808,431.4
Average Acreage Per Policy	173
Average Risk Per Acre	8.71
Loss Ratio	6.4
Average Cost Per \$1,000 of Insurance	84.60
Number of Losses Filed	13,858
Operating Expense Ratio	6.7%

ADMINISTRATION ACCOUNT FOR 1954

Jan. 1, 1954 to December 31, 1954

1. State office salaries, traveling expenses, chairman, clerk hire, board members per diem and expenses	\$ 9,877.75
2. General office expenses (printing, stationery, supplies, postage, telephone, telegraph, equipment, insurance, employees' bonds, advertising)	\$ 2,982.68
3. Hail adjusters per diem and expense	\$15,329.42
4. Office rent	\$ 300.00
5. Car maintenance	\$ 135.69
	<u>\$28,625.54</u>

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN WHICH YOUR GRAIN IS GROWING

Any Owner of Mortgaged Land With Not More Than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. His application containing a lien on his crop will be filed with the clerk and recorder.

Any Owner of Unmortgaged Land With Not More Than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. The application (containing a hail lien) will not be filed with the clerk and recorder.

Any Tenant desiring hail insurance may secure it by filing an application with his county assessor. It will be approved on a personal assessment basis and his application containing a lien on the crop will be filed with the county clerk and recorder.

Any Tenant who owes for delinquent hail insurance will not receive further hail insurance unless he pays cash for it or unless he pays the delinquent account.

No hail insurance may be charged to any land without the owner's consent. Also no hail insurance may be charged to any lands other than on which the crops to be insured are growing.

Hail insurance liens are a first lien on all insured crops except liens given for the purchase of seed used to plant the insured crop.

4% Discount Will Be Given Those Who Pay Cash for Their Hail Insurance. For example, if the regular premium figures \$100 and the applicant offers cash for the hail insurance, the county assessor will receive \$96 as full payment.

When To Insure. Experience shows that placing hail insurance on growing crops should not be done until they show a reasonable chance of producing a fair return. **No allowance will be made for hail damage on any grain until at least 75% of the plants are plainly stemming.** Damage early in the hail season is difficult to estimate and adjustment may be delayed until the extent of the damage may be better estimated.

No policies will be issued after August 15th.

How Much Hail Insurance Per Acre. All non-irrigated grain may be insured for not more than \$12 except barley which is limited to \$10. Irrigated grain is limited to not more than \$24 except barley which is limited to \$20.

Hail Insurance on Special Crops. Not more than the amounts shown below may be carried per acre on the crops listed:

Irrigated beans, peas, potatoes, corn, mustard and alfalfa seed	\$24.00
Sugar Beets	\$50.00
Non-irrigated mustard, beans, peas, alfalfa seed, and corn	\$12.00
Any hay crop, irrigated or non-irrigated	\$12.00

This covers a total loss on a one-cutting crop, or the equivalent of a total loss of one cutting on crops producing more than one cutting per season.

Hail Insurance for Shareholders. If all shareholders in any crop desire hail insurance, each is limited in his share per acre in proportion to the share each owns of the whole crop. If other shareholders do not desire hail insurance any shareholder may insure his share for the limit allowed per acre.

1955 Hail Insurance Rates. Due to continued light losses in Roosevelt County over a period of years the rate there has been reduced to 7%. Also Broadwater and Jefferson County down to 4%. If the 1955 losses are average or less the rate will be reduced for the year as the State Board can't make any further levies for addition to the Reserve Fund as it is now about the maximum permitted under the Hail Insurance Laws.

Reduced Rates in Case of Crop Failure. When any insured crop is badly damaged or destroyed by other means than hail, the insured may request that the hail insurance be terminated and that he be allowed a reduced rate for the season. The charge for the hail insurance may then be reduced by the State Hail Insurance Board under the terms of paragraphs 16, 17A and 17B in the Stipulations and Agreements on the back of the policy.

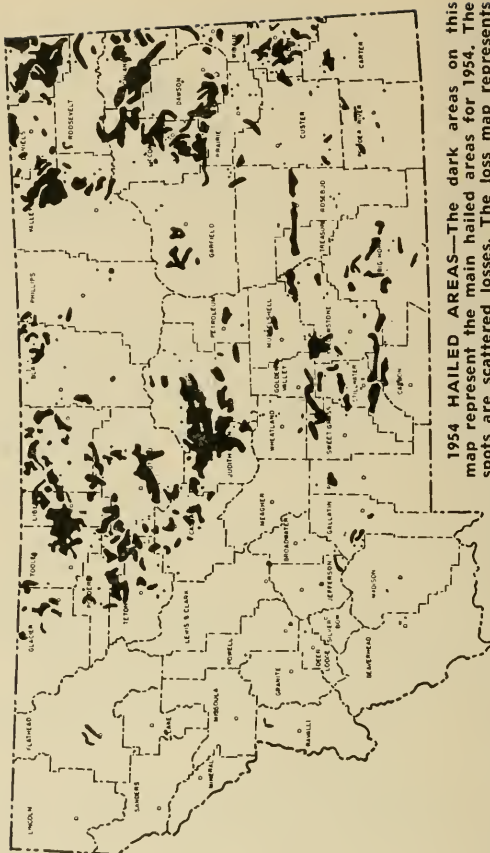
When to file claims for hail loss. When any insured crop is believed to be damaged at least 5%, the insured must mail a claim for such loss to the State Board of Hail Insurance at Helena, Montana, within 3 days.

When Not to File Loss Claims. Each year a large number of loss claims are filed on fields where little or no damage by hail is found. Many of these fields show a small infestation of Hessian Fly where the infested straws lean over and sometimes go down full length. Hessian Flies have weakened the straws close to the ground and the damage is not caused by hail. Many other fields, following light hail storms, have been found to be lightly damaged by Crinkle Joint, Kinked heads or Wheat Stem Saw Flies. The damage, most times, has been overlooked until the light hail storm comes. More care in examining the fields before claiming hail loss will save your Hail Department hundreds of dollars each year.

ADJUSTMENTS OF HAIL LOSSES will be made by adjusters who have had lots of experience in farming and the adjusting of hail losses. Their experience enables them to estimate the loss accurately. They are instructed to give every claim careful consideration and they will fully cooperate with the grain growers in adjusting all losses.

State Hail Insurance Expires After September 15 on Grain and other crops, except sugar beets which expires after September 30. If weather, lack of maturity, or other causes prevent completion of harvest by September 15, the insured should apply to the State Board of Hail Insurance at Helena, on or before that date, for an extension of his hail insurance. If his reasons for delay are approved, his hail insurance will continue in full force until the harvest can be completed.

Payments on State Hail Insurance losses may be assigned but are not subject to garnishee or attachment. They are yours to use as you think best for the continuance of your farming operations.



STATE MAIL BOARD MEMBERS

E. K. Bowman, Chairman, Helena.

Jens P. Olsen, Dagmar.

Hjortur Hjartarson, Ethridge

Albert Kruse, Ex-officio, Commissioner of Agriculture.

Edna J. Hinman, Ex-officio, State Treasurer.

It is the duty of all county assessors to furnish grain growers with full information regarding State Hail Insurance and to receive and approve applications for hail insurance from the grain growers desiring it. This folder is issued for the purpose of assisting them in furnishing it.

Hail Insurance Is a Necessary Cost of Raising Grain

As soon as you consider your 1955 crops insurable, we hope you will see your County Assessor and apply for it.

Issued April 1, 1955 by the

STATE BOARD OF HAIL INSURANCE

Helena, Montana

